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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	: Chapter 11
	:
SEARS HOLDING CORPORATION, <i>et al.</i>¹	: Case No. 18-23538 (RDD)
	:
Debtors.	: (Jointly Administered)
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**LIMITED OBJECTION OF APEX TOOL GROUP, LLC
TO THE DEBTORS' CURE COSTS AND POTENTIAL
ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES IN CONNECTION WITH GLOBAL SALE TRANSACTION**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovate Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

Apex Tool Group, LLC (“Apex”), by and through its undersigned counsel, hereby submits this limited objection to the cure amount proposed in connection with the potential assumption and assignment of the Debtors’ agreement with Apex, as listed in the *Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with the Global Sale Transaction* [D.I. 1731] (the “Assumption and Assignment Notice”). In support of this limited objection, Apex states as follows:

1. On January 4, 2019, Apex filed a motion to allow and compel immediate payment of its administrative expense claim pursuant to sections 503(b)(1)(A) and 503(b)(9) of the Bankruptcy Code [D.I. 1491] (the “Apex Administrative Expense Motion”), which is incorporated herein by reference.
2. As described more fully in the Apex Administrative Expense Motion, Apex seeks payment of \$7,190,372.13 from the Debtors (the “Apex Unpaid Amount”). The Apex Unpaid Amount represents the amount due under the agreement between the Debtors and Apex (as amended, supplemented or modified, the “Apex Agreement”), payment of which is necessary to cure all defaults under the Apex Agreement before the Debtors may assume and assign the Apex Agreement.
3. The Assumption and Assignment Notice proposes a cure amount of \$7,000,103, or \$190,269.13 less than the Apex Unpaid Amount.²

² The Assumption and Assignment Notice lists Amendment No. 2 to Supply Agreement for Products as (i) the contract with Apex Tool Group, LLC that will be potentially assumed and assigned, and proposes a cure amount of \$7,000,103; (ii) the contract with Lea Way Hand Tool Limited (“Lea Way”) that will be potentially assumed and assigned, and proposes a cure amount of \$0; and (iii) the contract with Apex Tool (HK) Limited (“ATL”) that will be potentially assumed and assigned, and proposes a cure amount of \$0. However, on July 1, 2018, Apex, Lea Way and ATL (collectively, the “Apex Entities”) entered into Amendment No. 3 to Supply Agreement with the Debtors, which is the most recent amendment to Apex Agreement. At this time, the Apex Entities believe that the entire Apex Unpaid Amount is owed only to Apex, but reserve the right to assert that a portion of the Apex Unpaid Amount is owed to Lea Way and/or ATL.

4. Accordingly, Apex objects to the cure amount proposed in connection with the potential assumption and assignment of the Apex Agreement to the extent such amount is less than the Apex Unpaid Amount.

5. Apex reserves the right to contest the assumption, assignment or rejection of the Apex Agreement on any basis other than the proposed cure amount. Apex further reserves the right to prosecute the Apex Administrative Expense Motion, and to continue to assert that the entire Apex Administrative Expense Claim is entitled to administrative expense priority under section 503(b) of the Bankruptcy Code.

Dated: January 23, 2019
New York, New York

APEX TOOL GROUP, LLC

/s/ Gregg M. Galardi

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